

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 2649 - SB 2514**

February 3, 2012

**SUMMARY OF BILL:** Revises eligibility requirements for receipt of the HOPE scholarship beginning in the 2015-16 academic year. Requires regular high school students to achieve a final weighted grade point average (GPA) of 3.0 and attain a composite ACT score of 21 or a combined SAT score of 980. Current law authorizes a scholarship award if a student achieves either of the aforementioned goals. Requires home school students and students who did not graduate from an eligible high school to attain a composite ACT score of 23 or a combined SAT score of 1,070. Requires GED recipients to pass the GED test with an average score of at least 23 and attain a composite ACT score of 23 or a combined SAT score of 1,070. Authorizes recipients of a reduced scholarship or grant in the first two years of eligibility to receive the full amount after completing 48 semester hours. Recommends that an additional \$10,000,000 appropriation be made to fund additional Tennessee Student Assistance Awards (TSAA).

**ESTIMATED FISCAL IMPACT:**

**Decrease State Expenditures - Net Impact - \$4,115,500/FY15-16/Lottery for  
Education Account  
Net Impact- \$9,052,400/FY16-17 and the next  
Eight Subsequent Fiscal Years  
/Lottery for Education Account**

**Other Fiscal Impact – In the eleventh fiscal year after implementation (FY25-26), if the General Assembly elects not to appropriate an additional \$10,000,000 to the Tennessee Student Assistance Award program, the decrease in state expenditures from the Lottery for Education Account will be greater since any decrease in the first ten years after implementation will be netted against this appropriation.**

**Assumptions:**

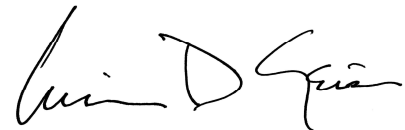
- The state will increase appropriations for the Tennessee Student Assistance Awards by an additional \$10,000,000 beginning in FY15-16 and the next nine subsequent fiscal years.

**HB 2649 - SB 2514**

- According to the Tennessee Student Assistance Corporation (TSAC), 5,724 students (including new freshman cohort and home school students) will receive a reduced HOPE or ASPIRE award amount in FY15-16.
- With reduced awards, HOPE recipients will receive \$2,000 and ASPIRE recipients will receive \$3,500.
- According to TSAC the reduction in state expenditures in FY15-16 from the Lottery for Education Account will be \$14,115,500.
- The net decrease in state expenditures from the Lottery for Education Account in FY15-16 will be \$4,115,500 (\$14,115,500 - \$10,000,000).
- Based on information provided by TSAC, the number of students who will receive a reduced award in FY16-17 will be 8,207 (including a new incoming freshmen class with home school students and renewals from FY15-16).
- According to TSAC, the decrease in state expenditures in FY16-17 as a result of increasing HOPE and ASPIRE eligibility requirements will be \$19,052,380.
- The net decrease in state expenditures from the Lottery for Education Account in FY16-17 and the next eight subsequent fiscal years will be approximately \$9,052,380 (\$19,052,380 - \$10,000,000).
- The net decrease in state expenditures shown in FY15-16 and FY16-17 assumes that the \$10,000,000 TSAA appropriation has already been made for those years, leaving eight fiscal years after FY16-17.
- After the second year of implementation, students previously receiving a reduced scholarship amount will become eligible for a full HOPE or ASPIRE scholarship or grant. For the purposes of this fiscal note, it is assumed that the decrease in state expenditures will remain relatively even over the next eight fiscal years beginning in FY17-18 and further assumes that the number of students entering, renewing, and becoming eligible for the increased HOPE or ASPIRE scholarship each fall remains approximately the same.
- In FY25-26 (eleventh fiscal year after implementation), the decrease in state expenditures from the Lottery for Education Account may be higher if the General Assembly does not extend the additional \$10,000,000 for additional Tennessee Student Assistance Awards beyond the 10<sup>th</sup> fiscal year.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/msg